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ECONOMIC COMMISSION FOR AFRICA

THE FOURTH SESSION OF UNCTAD - A PRELIMINARY ASSESSMENT

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Introduction

1. This paper aims at evaluating the results of the Fourth Session of UNCTAD from the standpoint of African countries, of which no less than 46 participated actively in its deliberations, almost all at ministerial level. At this stage, such an exercise can only be of a preliminary nature. This is so not so much because the full official report of the meeting is not yet out, although this is regrettable enough, but more importantly because, with respect to the more significant resolutions, it has become quite clear that their real import will not be apparent before the next few months.

2. In spite of these limitations, it was thought that it might be useful even at this stage to undertake such an assessment, not only to assist member States in taking stock of the situation as of now, but also to invite attention to some of the more urgent steps which need to be taken as part of the follow-up action to the forth session of the Conference. In doing so, we will try to look at the Nairobi "package", as briefly as possible, not just in terms of how it differs from the Manila proposals, but also from the standpoint of its relevance to the requirements for a new international economic order, as perceived in the region.

Section I

INTEGRATED PROGRAMME FOR COMMODITIES

3. At first glance, the differences between the original position adopted by the Group of 77 at Manila, as reflected in the draft resolution submitted by Jamaica on behalf of the Group of 77 (TD/L.123/Rev.1), and the draft resolution submitted by the President of the Conference (TD/L.131), which represents the agreed text, do not appear too striking. This impression is reinforced by the fact that by far the greater part of the agreed text is based on the text presented by the Group of 77. The point is that, few as they are, the differences are generally very significant indeed. This is more particularly the case with respect to the "International measures" of the programme, and the "Procedures and timetable" for implementation.

4. Under the first heading, and regarding the key issue of the establishment of a common fund, while the draft proposed by the Group of 77 provided that "to achieve the objectives of the Integrated Programme for Commodities, it is agreed to establish a Common Fund for the financing of international commodity stocks, co-ordinated national stocks, or other necessary measures within the framework of commodity arrangements", it was finally agreed only that "steps will be taken" according to agreed procedures, "towards the negotiation of a Common Fund".

5. It will be noted also that, in respect of the commodities whose problems cannot be adequately solved by stocking and which have been experiencing a persistent price decline, while the draft resolution of the Group of 77 provided

for "payment of financial compensation..... to the producing countries for the difference between the actual market price and the agreed target price", the text finally agreed upon speaks only of "consideration of special resources" for those commodities.

6. Regarding the "Procedures and timetable", both texts make a distinction between the negotiations relating to the establishment of the Common Fund and those regarding commodity agreements. However, with respect to the former, while the text proposed by the Group of 77 provided for one single continuous negotiating process whereby an ad hoc intergovernmental group was to be established within UNCTAD "to start on 1 September negotiations on the modalities for the establishment of the Common Fund" with a view to concluding those negotiations by the end of 1977, the text which was eventually adopted allows explicitly for preparatory meetings to be convened by the Secretary-General of UNCTAD prior to a negotiating Conference, open to all members of UNCTAD, which would meet no later than March 1977.

7. As for international negotiations on individual products, the text which was finally adopted provides that preparatory meetings will be convened in the period beginning 1 September 1976 - as had been suggested in the text presented by Jamaica on behalf of the Group of 77 - and that such meetings should complete their work not later than February 1978, exactly a year later than had been proposed by the Group of 77.

8. It will be seen that possibly the single major difference between the text proposed by the Group of 77 and that which was finally adopted lies in the fact that, whereas the former had assumed that once agreement had been reached at the Conference on the principle of the establishment of Fund, negotiations could start directly afterwards on the modalities for the establishment of the Common Fund, the latter, by providing explicitly for preparatory meetings to be held prior to the negotiating conference itself, and by making it possible for that Conference to be held as late as March 1977, gives the impression that the principle of the establishment of the Common Fund itself is still not settled. This is an interpretation which African countries naturally object to. Furthermore, the fact that no deadline could be set for the conclusion of those negotiations, contrary to what obtained for the commodity negotiating conferences, is to be regretted. The same can be said of the absence, not only from the text that was finally agreed upon but also from the draft resolution presented by Jamaica on behalf of the Group of 77, of any reference to a key provision of the Manila Programme of Action, namely that the international measures of the Integrated Programme "could be reinforced by stimulation and promotion of action by producers' associations and by adoption of measures designed to promote and increase trade in commodities among developing countries". Regardless of the outcome of the forthcoming negotiations on the establishment of a Common Fund, there is no question but that developing countries, and African countries in particular, will need to continue to intensify their co-operation in the commodity field, at the subregional, regional and inter-regional levels, within the framework of the policy of collective self-reliance, which will be the mainstay of a new international economic order.

9. This is so not only because co-operation with developed countries, however, far-reaching, cannot be a substitute for co-operation between developing countries, but also because, if anything, the latter may become the more necessary as the former progresses. For African countries, whose exports to and imports from the developed market economy countries account for approximately 82 and 80 per cent of their total exports and imports respectively, trade expansion with other developing countries, particularly other African countries, should constitute a key element of a set of policies designed to assist them in diversifying their trade partners.

10. The establishment of the Common Fund and other measures to be taken within the framework of the Integrated Programme would no doubt assist African countries better to plan their development efforts, to the extent that the ensuing reduction of fluctuations in the prices of their exports would make it possible for them to count on much more predictable export returns than has been the case up to now. At the same time, it will henceforth be of greater importance than ever for African countries, as has been stressed elsewhere 1/, to make every possible effort to counter the risk of having their traditional production and trade patterns, which are based mostly on raw primary commodities, "frozen" as a result of the implementation of the Programme. Hence the need to stress assistance under the industrial development aspects of the programme. Such assistance should be oriented in such a way as to provide whatever technical and other support may be required to assist African countries, not just to process raw materials, but also to set up African multinational basic industries, in accordance with the requirements for a new international economic order. Needless to add, the extent to which African countries will actually benefit from the implementation of the Programme, and in particular from the establishment of the Common Fund, will largely depend on the degree of control which the international community and first and foremost African countries themselves, will be able to establish over the activities of foreign transnational corporations which play, as is well known, a decisive role in international commodity trade.

11. On the other hand, the mere fact that most developed countries, and especially the developed market economies (albeit with a few key exceptions), 2/ have now come to the point where they are able not only to accept officially the need for an integrated programme for commodities, but also have agreed to start discussions on the basis of the proposals made by the Group of 77, after having fought against the very idea of an Integrated Programme from the time it was put forward until the Conference itself, is not insignificant. Since the implications of the various elements of the programme for African countries have already been analysed, 3/ they will not be discussed here. Suffice it to recall the main conclusion which was reached in the study, namely that all in all, African countries as a group are likely to reap appreciable benefits from the Programme.

12. What remains is for them, to press for and follow-up actively the implementation of the Programme to ensure that its potential benefits materialize, while having in mind also the potential drawbacks to which attention was drawn above. And it is of the utmost importance that they do so in a co-ordinated manner. As has been seen, a series of preparatory meetings is to take place in the coming months prior to both the negotiating conference on the establishment of the Common Fund and the commodity negotiating conferences. It is suggested that African experts should be called upon to meet before these conferences to harmonize African positions.

1/ "Implications for African countries of provisions contained in the Manila Programme of Action" (E/CN.14/UNCTAD IV/1), para. 23.

2/ The Federal Republic of Germany, Japan, the United Kingdom and the United States seemed to have the greatest difficulty in accepting the Integrated Programme, including the establishment of a Common Fund.

3/ Ibid.

Section II

MANUFACTURES AND SEMI-MANUFACTURES

13. The Manila Programme of Action stressed the need for UNCTAD to adopt a comprehensive strategy to expand and diversify the export trade of the developing countries in manufactures and semi-manufactures. The main lines of this strategy concerned the improvement of access to markets in developed market economy countries and the socialist countries of eastern Europe for manufactures and semi-manufactures of developing countries, the elimination of restrictive business practices, measures designed to ensure the regulation and control of the activities of transnational corporations, export and industrial financing and promotion of international co-operation for industrial restructuring.

14. The resolution adopted at Nairobi centres largely on measures and recommendations relating to improvement of access to markets in developed countries. These emphasize, just as the Manila Programme of Action did, the role the Generalized System of Preferences could play in the implementation of the above-mentioned strategy. It was agreed, in particular, that "the generalized system of non-reciprocal, non-discriminatory preferences should be improved in favour of the developing countries, taking into account the relevant interests of those developing countries enjoying special advantages" (for example, the signatories of the Lomé Convention) "as well as the need for finding ways and means of protecting their interests". In addition, all preference-giving countries and beneficiary countries were urged to make efforts to increase the degree of utilization of the different generalized preferences. And both UNCTAD and developed countries were requested "to give technical assistance to countries benefitting from generalized preferences, particularly to the least advanced countries to enable them to draw maximum advantage from preferences". Lastly, developed countries were invited to adopt a series of tariff and non-tariff measures all aimed at improving access to their markets.

15. As regards industrial development and co-operation, developed countries were called upon to develop and strengthen such policies as would encourage the redeployment of the industries of the developed countries which are less competitive internationally to developing countries. The Conference also recommended that redeployment efforts should be pursued through a system of consultations at global, regional, inter-regional and sectoral levels within appropriate international bodies, with the full participation of UNCTAD in such a system.

16. The emphasis on improvement of access to the markets of developed countries in the resolution adopted at Nairobi, and in particular on the need to improve the GSP, is certainly welcome from the standpoint of a number of developing countries, including some African countries.

It should be realized, however, that for the great majority of African countries the benefits to be derived from its implementation are likely to be of limited value, at least in the immediate future, in view of the well-known scarcity of industrial exports, which itself stems from the fact that industrial capacity is itself at present severely limited in most countries of the region.

17. The intensification of technical assistance activities by UNCTAD and developed countries may assist a few African countries to benefit more from the implementation of the schemes. But, there is no question that the most urgent need is to expand industrial production, 4/ which is not particularly stressed in the Nairobi resolution. It is also quite clear that, if Africa is to achieve its projected share of 2 per cent of world production of manufactures by the year 2000 as provided for under the Lima Declaration and Programme of Action, many constraints will have to be overcome, not the least of which is the relatively low level of the engineering base from which such a major leap is to be attempted. Such a leap will be all the more difficult to accomplish since the region, as was pointed out in a recent study prepared by the Economic Commission for Europe, 5/ has the lowest rate of engineering production to engineering imports of all the developing regions.

18. Moreover, the expansion of manufacturing, as well as the expansion of trade in manufactures, must be seen not in isolation from other major policy goals, but within the framework of an over-all strategy based on self-sustaining growth and aimed at exploiting both national and regional markets. Steps must be taken in particular to ensure that such manufacturing is conducive to the establishment of a structured (national and multinational) industrial sector capable of directly exerting significant transformation effects on other industries 6/.

19. Rationalization of production and exchange within Africa itself needs to be pursued to derive full benefits from intra-African trade in manufactures. Existing productive facilities need to be fully and efficiently utilized and new facilities programmed in such a way as to promote specialization and complementarity of production, especially in basic industries, agro-industries, and a range of other industries based on local raw materials.

4/ See "Implications for African countries of provisions contained in the Manila Programme of Action" (E/CN.14/UNCTAD IV/1), Section II.

5/ "Role and place of engineering industries in national and world economies" (E/ECE/ENGIN/3/Vol.I).

6/ See the "Revised framework of principles for the implementation of the new international economic order in Africa" (E/CN.14/ECO/90/Rev.1).

Section III

MULTILATERAL TRADE NEGOTIATIONS

20. It was not possible to embark on any discussion of substance, as the developed market economy countries refused to do so on the pretext that the issue should be considered exclusively within GATT.

21. That being the case, the Conference contented itself essentially with reaffirming the principles and general objectives of the MTN set out in the Tokyo and Manila Declaration, designed to ensure additional benefits for the international trade of developing countries, underlining that "in the sector of tropical products which is recognized as a special and priority sector, countries participating in these negotiations should aim at completing them by the end of 1976", and stressing "the need to ensure that least developed countries receive special treatment in the context of any general or specific measures taken in favour of the developing countries in the negotiations".

22. With regard to a series of important questions, such as the application of differentiated measures for more favourable treatment to developing countries, notably the advance implementation of concessions, "the binding of commitments and concessions in the negotiations in favour of developing countries", "the provision of effective compensation in the case of the erosion of preferential margins resulting from the MFN tariff cuts", the fourth session of UNCTAD restricted itself to "recommending that the countries participating in the MTNs give consideration to" them.

23. In short, this Resolution adds little compared with the Tokyo Declaration. In other words, while the positions upheld by the group of 77 under the Manila Programme of Action were not attacked, neither did they advance, the discussion of substance having being sent back to GATT. It is all the more regrettable that few African countries are participating in those negotiations, where several of them have much to lose - or win.

Section IV

MONEY AND FINANCE AND THE TRANSFER OF REAL RESOURCES FOR DEVELOPMENT

24 Although the major preoccupation in the field of money and finance was the critical debt problems of the developing countries, particularly the least developed and the most seriously affected countries, other closely interrelated questions including the transfer of real resources, the exceptional balance-of-payments deficits of the developing countries and the reform of the international monetary system were extensively discussed. However, the only compromise resolution passed by the Conference concerned the debt problem, while the other issues were referred to the ministerial session of the Trade and Development Board to be held in 1977.

25. With regard to debt problems, the draft resolution tabled by Jamaica on behalf of the Group of 77 (TD/L.124) sought cancellation of the official debts of the least developed, land-locked and island developing countries. As for the most seriously affected countries, their official debts should also be cancelled, or as a minimum, their debt service payments should be waived until they ceased to be regarded as most seriously affected. Further, "each developing country seeking relief on its debts to developed bilateral creditors and donors" was to be "provided such relief according to a common set of factors in the form of waivers" etc. The draft resolution also provided that "the commercial debts of all interested developing countries" were to be "consolidated, and payments to service such debts rescheduled over a period of at least 25 years". Finally, the developing countries requested that "a Conference of major developed creditor and interested debtor countries be convened in 1976 under the auspices of UNCTAD, to determine appropriate ways of implementing the principles and guidelines on the renegotiation of official and commercial debts to be reached" at the Conference.

26. The resolution adopted by the Conference falls far short of the above-mentioned proposals. In the main, the resolution reflects the case-by-case approach adopted by the developed market economy countries, which consider that the existing machinery for renegotiation of debts needs only minor improvements to enhance flexibility in dealing with individual cases. Essentially, the Conference invited "appropriate existing international fora to determine, before the end of 1976, what features might usefully be discerned from past operations, together with others that might be identified in the light of the present situation of the least developed countries, the most seriously affected developing countries and other countries in need, which

could provide guidance in future operations relating to debt problems as a basis for dealing flexibly with individual cases". The Trade and Development Board, which is to meet at ministerial level in 1977, was also requested to "review the action taken in pursuance of this resolution". The Secretary-General of UNCTAD was requested "to convene an intergovernmental group of experts to assist as necessary in that task".

27. That the Conference found itself unable to agree on anything more meaningful on such a critical problem undoubtedly represents a major failure. For African countries, whose debt burden rose from about $6 billion in 1965 to about $22 billion in 1973,1/ that is to say by a percentage substantially higher than for the other developing regions, this is particularly regrettable. It is all the more so as there are indications that the rate of increase over the last two years has far from slowed down.

28. Yet although the developed market economy countries adopted a common stand, there are indications that some of them had been prepared to be more receptive to the proposals of the Group of 77. These differences should be exploited to the fullest by the developing countries in general and African countries in particular. In any case, maximum pressure should be exerted to try and ensure that this question continues to receive priority attention at the international level. Appropriate steps should be taken in this respect at the ministerial session of the Trade and Development Board scheduled for 1977, which is to review the action taken in pursuance of the Nairobi resolution.

29. A first step would be for the African Governors at the forthcoming IMF/IBRD annual meeting in Manila to emphasize in their joint statement the urgent need to alleviate the debt burden of African countries.

30. They should also press for consideration of those issues on which no agreement could be reached at the Conference. These include the transfer of real resources, the exceptional balance-of-payment deficits of developing countries and the international monetary situation.

31. In addition, the failure of the Conference on this vital question should prompt African Governments to take appropriate steps with a view to intensifying intra-African co-operation in the financial and monetary fields. This could no doubt help them to meet some of the needs which are at the root of quite a few of the problems which could not be overcome at Nairobi.

32. ECA itself, within the framework of its medium-term plan for 1976-1981, plans to assist member States in giving concrete shape to such co-operation by undertaking various studies in this field, including studies on the setting up of an intra-African development aid system, the establishment of subregional development banks and subregional and regional payments systems. Expert group meetings will be convened to consider the findings and recommendations of these studies and it is hoped, will make concrete proposals for follow-up action.

1/ The corresponding figures for Asia were $15 billion and $53 billion, and for Latin America $12 billion and $36 billion.

Section V

TRANSFER OF TECHNOLOGY

Strengthening the technological capacity of the developing countries

33. The draft resolution submitted by the Chairman of Negotiating Group II on this issue (TD/L.111) is quite comprehensive. Attention will be drawn here to a few key aspects.

(a) Improvement of institutional infrastructure

34. While the section of the Manila Declaration and Programme of Action on action to be taken by the developing countries at the national level to strengthen their technological capacity (Section V, paragraph 2) is fully reflected in paragraph 4 of the draft resolution, co-operation among developing countries to the extent that it involves preferential arrangements met with some reservations on the part of the developed countries. The reference in the Manila Programme of Action to the implementation of a code of conduct by the national centres was unacceptable to the developed countries, hence the rather diluted formulation that was finally adopted on this question. On the other hand, the draft resolution refers to the establishment of an African centre for development and transfer of technology and.... requested OAU and ECA "in collaboration with UNCTAD, UNIDO, UNESCO and WIPO to convene a meeting of plenipotentiaries in 1977, preceded by appropriate preparatory work, to establish the centre, and further requests relevant organs of the United Nations to provide such continued assistance as may be required in setting up and operating the proposed African centre for the development and transfer of technology". The resolution fully recognizes the earlier initiatives taken at African ministerial level to establish such centres.

35. In response to the call from UNCTAD, ECA has already contacted OAU and other United Nations agencies in connexion with plans to implement this portion of the resolution. There is no doubt, however, that the success of ECA's initiative will depend on the enthusiasm expected from African Governments for the centre or centres. ECA believes such enthusiasm does exist, and will call on the support of all African Governments in the formulation of the centre's objectives and in the ultimate implementation of the project.

(b) Co-operation from the developed countries

36. The resolution which was adopted also recommends a number of measures to be undertaken by the developed countries to assist the developing countries by playing a supporting role.

(c) Technical and operational assistance

37. The decision to establish an Advisory Service on Transfer of Technology to render assistance at the request of developing countries is fully in line with the Manila Declaration and Programme of Action. It is hardly necessary to stress the particular significance of this decision to the African region, the least developed of the developing regions. This, coupled with the planned African centre for transfer and development of technology, will help to fill a need which has long been felt, especially at the African level.

(d) Reverse transfer of technology (brain drain)

38. The part of the draft resolution which deals with this topic differs substantially from the relevant portion of the Manila Programme of Action in that it is not specifically addressed to developed countries and also because the clause "particularly those benefitting from the brain-drain" might seem to leave it to the developed countries themselves to determine whether they actually benefit or not from the brain drain and whether they ought accordingly to take action to assist in arresting the drain of the developing countries' skilled manpower resources.

(e) International patent system

39. The conclusions reached at the fourth session of UNCTAD on the need for the revision of the Paris Convention for the Protection of Industrial Property as well as of the Model Law for Developing Countries on Inventions were by and large in support of the Manila stand. The draft resolution submitted by the Chairman of Negotiating Group II (TD/L.112) largely reflects the aspirations of developing countries contained in the relevant portions of the Manila Programme of Action. A particularly important point is that the Conference took note of the conclusions of experts from developing countries on the role of the patent system in the transfer of technology to developing countries (TD/B/C.6/12), and in fact recommended that they should be taken into consideration during the revision of the Paris Convention.

40. The revision of the Paris Convention for the Protection of Industrial Property with a view to promoting effective transfer of technology to developing countries could be an important landmark in the establishment of new relationships between developed and developing countries. In this field, African countries are urged to apprise themselves fully of the important activities going on and planned in relation to this question. More specifically, African Governments are urged to prepare themselves fully for the forthcoming third session of the WIPO Ad hoc Group of Governmental Experts on the Revision of the Paris Convention and for similar consultations envisaged by WIPO during the latter part of 1976.

Code of conduct on transfer of technology

41. The draft resolution on an International Code of Conduct on Transfer of Technology (TD/L.128) falls short of the expectations embodied in the Manila Declaration and Programme of Action in one key respect, namely regarding the elaboration of a legally binding instrument to govern technology transfer transactions. In spite of the pressure exerted by the Group of 77 during Conference negotiations, neither the developed market economy countries nor the socialist countries of Eastern Europe were ready to commit themselves on the legal nature of the code. They preferred to leave the question open for future negotiations, after agreement is reached on the substance of such a code. The draft resolution does, however, incorporate the aspirations of Manila with respect to the establishment of machinery within UNCTAD to continue the work of preparing the code of conduct.

42. The intergovernmental group of experts envisaged by the draft resolution will hold several meetings during 1976 and 1977 to work out the provisions of the code. African countries should prepare themselves to participate meaningfully in these negotiations. In this respect the ECA secretariat has already 8/ alerted member States to the urgent need to set up national expert groups on the proposed code of conduct. Note should also be taken of the fact that during meetings of the Group of 77 in Nairobi, the Government of Mexico extended an invitation to all member Governments of the Group of 77 to participate in a seminar during September 1976 which would be devoted to consideration of a draft code of conduct on transfer of technology. Special care will have to be taken to ensure that Africa's particular needs are effectively protected and safeguarded in the forthcoming negotiations.

43. All in all, the resolutions adopted on transfer of technology, in spite of the many qualifications that were attached to them, especially the refusal by the developed countries to concede a legally binding character to the future code of conduct, represent a step forward. Apart from pressing for the concrete implementation of these resolutions, African countries need to take steps at the national and regional levels to create effective machinery for formulating policies and measures which relate technology to development plans and major sectors and subsectors to reorient existing research capabilities, which in most countries today are dominated by research on agricultural export crops, towards research on food crops and research in industrial technology in the processing of agricultural products; and to develop appropriate manpower for such research.

8/ "Revised framework of principles for the implementation of the new international economic order in Africa" (E/CN.14/ECO/90/Rev.2) paragraph 132.

Section VI

LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES, DEVELOPING ISLAND COUNTRIES, AND DEVELOPING LAND-LOCKED COUNTRIES

44. The programme of action drawn up at Manila contained a number of provisions, forming a coherent whole, in favour of the least developed, island, and land-locked countries. In general the final resolution adopted by the Conference is broadly based on the Manila text and does not modify its over-all orientation. Nevertheless, a number of divergences may be noted between the two texts, as is shown by a comparative analysis of the main headings.

Least developed countries

45. Increasing financial assistance: the proposals contained in the Manila document involved raising the volume of real resources transferred to the least developed countries, and giving them priority in official aid programmes, in which their share should be proportionately higher. These principles were fully accepted both by the developed market economy countries and by the European socialist countries. However, the proposal concerning the special fund in favour of the least developed countries was watered down in order to take account of the objections of the developed countries, which made clear their preference for bilateral procedures or felt that it was not appropriate to add to the existing programmes, which were capable of being extended.

46. Terms and conditions of assistance: here it was a question of facilitating aid by loans on the most favourable possible terms, while aid to the least developed countries should be in the form of gifts; the criteria for assistance should be revised to take account of the special situation of the least developed countries, especially in respect of local expenses. On the whole these principles were retained, but it was not possible to reach agreement concerning the problem of the official debts of the least developed countries, either as regards cancelling such debts or as regards converting loans to such countries by the multilateral financial institutions into softer loans. The European socialist countries agreed to devise multilateral payments machinery together with the least developed countries.

47. Trade policy: it was a question of taking into account the interests of the least developed countries in the pattern of trade so as to enable them to develop their exports and to benefit more from international trade. While the measures proposed by the Manila Programme of Action were mostly adopted, divergences appeared with regard to the GSP, obstacles to exports, the problem of compensation to the least developed countries in the event of rises in import prices or losses in exports, and the question of financial contributions. The developed market economy countries did

not accept the principle of an extension pure and simple of the GSP to agricultural products. On the other points at issue, it was not possible to harmonize the viewpoints, and the same was true for the problem of reducing the burden of imports for the least developed countries. Though the developed countries agreed to promote the export sales of the least developed countries, a proposal aimed at guaranteeing such countries a certain level of exports was not adopted.

48. Transfer of technology: the Manila document sought favourable terms for transfer of technology, and assistance for the establishment of transfer of technology centres in the least developed countries and for the establishment of institutes of technology with a view to developing indigenous technology. These proposals were adopted almost without any substantial changes.

Island countries

49. Assistance for transport services: the Manila Programme of Action set out a group of proposals for assistance for the development of transport in the island countries, at several levels. The main part of these proposals was adopted, but the developed countries raised objections to what they regarded as a new concept, that of archipelago States.

50. Flow of external resources: the final resolution accepts the principle of raising the volume of assistance to the island countries, but emphasizes that the criteria, conditions and terms of such assistance should be suited to the special needs and problems of the island countries. Such countries would benefit from the same advantages as the least developed countries only to the extent that they too are developing. In addition, assistance for the development of transport services will be granted only for a transitional period.

Land-locked countries

51. Development of means of communication: the Manila document proposed a series of measures aimed at improving the communications system both with regard to rail networks and transit roads and with regard to transit ports. These proposals were retained in the main by the final document of the Conference.

52. Conditions of transit: similarly, the proposals concerning conditions of transit, both with regard to freight rates and with regard to the cost of transit, were adopted by the Conference. It was proposed in particular that transit countries and land-locked countries should adopt transit agreements such as the TIR convention so as to facilitate the movement of goods.

53. Although the Conference accepted the principle of raising assistance to the land-locked countries, it did not automatically extend to them the same benefits as those granted to the least developed countries, preferring an adaptation of assistance to the special circumstances of the land-locked countries. Nevertheless, it is provided that a certain number of benefits granted to the least developed countries would be applicable to the land-locked developing countries to offset their geographical handicap.

54. For the African region, which includes 18 of the countries regarded as least developed among the developing countries, 11 land-locked countries and four developing island countries, the discussion on these items of the agenda was of very special interest.

55. The resolution adopted is unfortunately a step back from the Manila text. This is true in particular with regard to the vital problem of financial assistance to be granted to the countries concerned. Firstly, while the principle of raising assistance was won, little progress was made in respect of the terms on which such assistance is granted. Moreover, while the Manila document envisaged for the three groups of countries the same treatment with regard to the terms and conditions of financial assistance, that principle was not fully retained at Nairobi. The Manila document stressed the urgent application of the measures proposed in the spirit of the United Nations resolution on a new international economic order. The Nairobi resolution gives countries greater latitude to determine themselves the terms and conditions of their action. In the Manila document, greatest stress was placed on the contribution of the industrialized market economy countries, while the Nairobi resolution establishes greater symetry between those countries and the European socialist countries, and the developing countries capable of aiding the least developed, island and land-locked countries are urged to participate in the aid effort.

56. Lastly, certain questions remain pending, and are to be discussed at a meeting of an Intergovernmental Group which is be convened by UNCTAD.

Section VII

ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

57. Two texts came out of the Manila meeting on this subject. One, a resolution, contained a programme for economic co-operation among developing countries. The second related to proposed measures of support by developed countries and international organizations for the programme of economic co-co-operation among developing countries. Only the second text was discussed at Nairobi, since the Group of 77 was of the view that the programme itself was an internal affair of this group.

58. From a comparative analysis of the Manila text and the text which was finally adopted on measures of support by developed countries and international organizations, it appears that the latter differs very little from the former. It is, in fact, a very comprehensive "package" of measures which the developed countries, both the developed market economy countries and the socialist countries of Eastern Europe, agree to take, as and when requested, to assist developing countries in strengthening and enlarging their mutual co-operation. These measures vary widely and include the "allocation of funds for the promotion of multinational ventures of developing countries", the provision of "technical support for the establishment of financial and capital markets in developing countries to help strengthen direct financial links between surplus and deficit developing countries" and "the promotion of links, wherever appropriate, between the transferable rouble system of the International Bank for Economic Co-operation and subregional and regional payments arrangements of developing countries". In addition, the United Nations system itself is expected to provide some of the required technical and financial support.

59. This programme of measures of support, no doubt offers great opportunities in principle. What remains now is for the developing countries themselves, and African countries in particular, to try to take advantage of them. In other words, it is up to Third World countries themselves to work out concrete areas of mutual co-operation and consider whether they need "outside" help to assist them in fostering such co-operation and what kind of assistance is best suited to their requirements.

60. Over the past two years or so, African countries have indicated on many occasions (the most recent ones being the fourth OAU Minister of Trade Conference held at Algiers in November 1975[9] and the thirteenth meeting of the ECA Executive Committee) the cardinal importance they attach to the promotion of such co-operation within the framework of the implementation of the New International Economic Order in the region. They should now come forward with definite proposals for consideration and action by developed countries. ECA's entire medium-term plan for 1976-1981, which has been sent to all member States, aims at promoting intra-African economic co-operation in all fields, including agriculture, trade, industry, development of natural resources, transport and communications, and energy, and contains specific proposals for multinational action. In examining which multinational projects should be offered for supportive action by developed countries, and over-riding consideration should naturally be to ensure that such action is necessary and desirable, which very often may not be the case. Clearly, developing countries themselves should bear primary responsibility for the design, development and implementation of their mutual co-operation projects.

61. Furthermore, it will be noted that the resolution adopted on institutional issues requests the establishment of "an open-ended Commiteee on Economic Co-operation among developing countries whose function would be to consider, ... measures to provide as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation at subregion, regional and interregional levels....." This committee will provide a forum where African and other developing countries will be able to assess the extent to which such support as has been promised by the developed countries in the above-mentioned resolution actually materializes. Needless to say, preparations at the African level should be made accordingly.

62. Finally, as part of the follow-up action to the fourth session of UNCTAD, attention needs to be drawn to a ministerial meeting on economic co-operation, which is scheduled to be held in Mexico from 6 to 14 September 1976. The Conference to be held in Geneva in the first half of July will be called upon to consider ways and means of implementing the programme of economic co-operation among developing countries. African countries are urged to participate actively in these meetings.

9/ The Conference adopted, inter alia, a Programme of Action on the Promotion of Intra-African Trade and Development of Co-operation among African countries.

Section VIII

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

63. The resolution adopted by the Conference on this question is largely derived from the relevant provisons of the Manila Programme of Action. However, a number of key provisions were introduced into the Nairobi text with a view to making certain points clearer and more concrete.

64. The resolution adopted recommends the socialist countries of eastern Europe "to widen the areas of economic co-operation through the identification and adoption of measures to promote an increase of exchanges with developing countries without prejudice to previously contracted commitments", to "give due consideration to the trade needs of developing countries when their national economic development plans are being formulated and later co-ordinated within the CMEA, particularly by making appropriate provisions in their plans for an increasing volume of imports from the developing countries, especially in processed and semi-processed forms", and, in particular, to "take specific measures so that products imported from developing countries are not re-exported to third countries, unless it is with the expressed agreement of the developing country concerned". The socialist countries were also requested "to take steps to provide adequate opportunity to developing countries to participate in the realization of common projects".

65. On the other hand, the Conference recommended the developing countries to "continue their efforts in view to increase their trade and economic co-operation with the socialist countries of eastern Europe and to create, for that purpose, conditions which are no worse than those normally granted to their trading partners among the developed market-economy countries".

66. As far UNCTAD is concerned its Secretary-General is invited, as had been proposed in the Manila document, to undertake consultations with CMEA in order to identify trade opportunities in favour of developing countries and, "on the basis of these consultations to convene, under the auspices of UNCTAD in consultation with UNIDO, FAO and the regional economic commissions, and this not later than the first half of 1977, a consultative inter-governmental group of experts on which interested countries of all regional groups should be represented, to evaluate the results of these consultations and to make recommendations to the Trade and Trade Development Board at its seventeenth session". A similar group is also to be convened in 1977 to "study particularly the issue of a multilateral system of payments between the socialist countries of eastern Europe and the developing countries".

67. It is worth noting that UNCTAD's technical assistance activities, which are to be undertaken in close co-operation with the regional economic commissions, will be strengthened. In fact, stress is laid on the fact that "technical and financial assistance is required in order to implement the provisions of this resolution",

"particularly to enable the least developed among the developing countries to participate more fruitfully" in the bilateral and multilateral consultations which are intended to be organized on a regular basis each year.

68. From an African standpoint, this resolution is not without value to the extent not only that the socialist countries of eastern Europe have reaffirmed their determination to widen their trade and economic co-operation links with developing countries, but also that a number of new and concrete steps have been agreed upon which should enable the permanent machinery of UNCTAD more effectively to assist both groups of countries in establishing fruitful relations.

69. For African countries, whose trade with the socialist countries of eastern Europe currently accounts for less than 7 per cent of their total trade, compared with 80 per cent for the developed market economy countries, a meaningful expansion of trade relations with the socialist countries of eastern Europe represents a key element within the framework of their overall policies aimed at diversifying their trade partners. The resolution adopted contains a number of positive features relating to intensification, not just of trade relations, but also of co-operative activities, such as joint ventures, which it is hoped will make it possible to progress substantially.

70. It will be noted however, that, although the socialist countries of eastern Europe have accepted a recommendation to expand the present CMEA arrangements in transferable roubles, they have still not found it possible to agree to the inclusion of a clause concerning the convertibility of the surplus balances of developing countries into convertible currencies, as had been proposed by the Group of 77. Nor were they able to agree to the proposal by developing countries for a recommendation that they should take appropriate steps to reach the target of 1 per cent of GNP in their financial and technical assistance to developing countries.

71. As it is, however, the resolution offers some possibilities which African countries should try to exploit fully, both bilaterally and within the framework of the improved multilateral machinery that has now been set up.

Section IX

INSTITUTIONAL ISSUES

72. A comparative analysis of the relevant provisions of the Manila Programme of action and the resolution adopted by the Conference on the subject shows that the Group of 77 was largely successful in getting its ideas accepted.

73. What emerged from the Conference is a carefully worded text which invites the General Assembly "to reaffirm, and in carrying forward the process of restructuring the United Nations system, to be guided, inter alia, by" a number of considerations relating to the role of UNCTAD "as an organ of the General Assembly for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation", and draws attention to the need for UNCTAD to strengthen its machinery accordingly.

74. The Conference specifically agreed to recommend to the General Assembly not only that the fifth session of the Conference should be held not later than three years after the fourth session, but also that membership of the Trade and Development Board should be open to all States members of UNCTAD. In addition, the Conference decided that the Board should meet at ministerial level every two years between sessions of the Conference, to "focus on clearly defined important policy areas", and that an open-ended Committee on Economic Co-operation among Developing Countries should be established[10/] It also stressed the need for the Board to "make appropriate arrangements to keep under constant review the interrelated problems in the field of international trade and related areas of international economic co-operation in particular development finance and monetary issues, taking into account the progress made in negotiations on these questions elsewhere", thus reinforcing the oveview function of UNCTAD, as has been urged by the Group of 77. The Board was also requested to "rationalize the structure of the committee and their subsidiary bodies, on the basis of a redefinition and consolidation, as appropriate, of their current terms of reference". Lastly, the Conference reaffirmed what it called the "important contribution which technical assistance can make to the achievement of the objectives of UNCTAD" and recommended that the UNDP Governing Council, "in response to requests from developing countries, under their country programmes, as well as under the regional and interregional indicative planning figures, extend such assistance in international trade and related areas of economic co-operation through UNCTAD as its executing agency, or through the UNCTAD/GATT International Trade Centre as appropriate".

10/ See Section VII on economic co-operation among developing countries.

75. All in all, the resolution adopted is a positive one. Developing countries in general and African countries in particular can only rejoice at the planned strengthening and rationalization of UNCTAD (i.e. the Conference, the Trade and Development Board and the secretariat), to the extent that it should enable the organization better to fulfil its key functions. At the same time, however, for African countries, whose problems and interests as developing countries were not taken into account when the post-war rules of the game and the institutions related thereto were set up, the creation of a comprehensive trade and development organization - for which even a strengthened UNCTAD cannot be an adequate substitute - should remain a basic policy objective.

76. In particular, the strengthening of the negotiating and overview functions of UNCTAD should make it easier for countries with limited technical and financial resources (as is the case for most African countries) to participate meaningfully in, and have an over-all view of, discussions on major trade and development problems, which in the last few years have tended to be increasingly dealt with not just by UNCTAD, but also by many ad hoc bodies consisting often of a small number of countries.

77. All this should make UNCTAD a much more effective and operational organ than has been the case so far. Parallel efforts will be called for, at the African level, if African countries are to play their rightful role in the new set-up. Such efforts are particularly essential in harmonizing African views and making substantive preparations for discussion of the various topics on the agenda of the Trade and Development Board and its various Committees.

78. Lastly, the special stress which has now been put on the strengthening of the technical assistance activities of UNCTAD can only be welcome from an African standpoint, all the more as this important aspect of UNCTAD activities was not mentioned in the Manila Programme of Action, as was noted in a previous paper[11]. ECA, for its part, stands ready to strengthen its co-operation with UNCTAD in providing to ECA member States such technical assistance as may be required in the fields of competence common to the two organizations.

11/ "Implications for African countries of provisions contained in the Manila Programme of Action" (E/CN/14/UNCTAD/IV/1).

Concluding Remakrs

79. The foregoing analysis has shown that what could be called the more important results achieved at the fourth session of UNCTAD have been mainly in the fields of commodities, economic co-operation among developing countries, institutional arrangements within UNCTAD and, to a lesser extent, in those relating to trade with the socialist countries of eastern Europe and transfer of technology.

80. From the standpoint of African countries, there is no question that the most significant achievement concerned the adoption of the Integrated Programme for Commodities, including decisions regarding a Common Fund for the financing of international commodity stocks, co-ordinated national stocks, or other necessary measures within the framework of commodity arrangements.

81. But even the Integrated Programme for Commodities, which is likely to be of great benefit to African countries, has some potential drawbacks, to which attention has been called here. Furthermore, with respect to the key issue of the Common Fund, some developed countries claim that the very principle of its establishment is still open, whereas African countries believe, as they took care to state at the closure of the session, that subsequent discussions on the Fund should be concerned only with the working out of its modalities.

82. Meanwhile, the major failures are all too evident. These have to do, first and foremost, with the more than critical debt problems facing developing countries in general, and African countries in particular - and increasingly so, for that matter - on which a far from satisfactory resolution was adopted. But failures were also recorded on such key related problems as transfer of resources, financing of exceptional balance-of-payments deficits and reform of the international monetary system, on which no resolution at all could be agreed upon. Note should also be taken of the fact that, for the African region, which contains 18 of the least developed among developing countries, 11 of the land-locked developing countries, and 4 island developing countries, the resolution adopted on the item regarding these three categories fell far short of the proposals made in the Manila Programme of Action.

83. This being the case, it would seem only proper that stock be taken of the results of the fourth session of the Conference at the African level. In the same way as African regional positions on the issues to be considered by the Conference were worked out before hand at the fourth OAU Conference of Ministers of Commerce held at Algiers in November 1975, which was preceded by a joint ECA/OAU meeting of experts, it is suggested that African countries should meet again to assess the present situation and map out new strategies. For such a meeting to have the required scope, it would need to concentrate on an in-depth examination of the results achieved at Nairobi, in the light of the over-all strategies of the region for the establishment of a new international economic order recently adopted by the ECA Executive Committee and based, as is known, on the promotion of self-sustaining growth and collective self-reliance at the national and regional levels.

84. It is possibly only when this process of internalization of the results of the fourth session of UNCTAD has been gone through, and the strategies and goals that should be usefully pursued henceforth within UNCTAD and related for a defined accordingly, that African countries should meet with other developing regions, discuss steps to be taken both to exploit fully the few positive results achieved at Nairobi and examine how best those common objectives which could not be attained at Nairobi should now be pursued.

85. The forthcoming summit of the non-aligned countries to be held in Sri Lanka offers a good occasion for this. But it would be highly desirable for African countries themselves to meet together before that, at least at ministerial level.

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